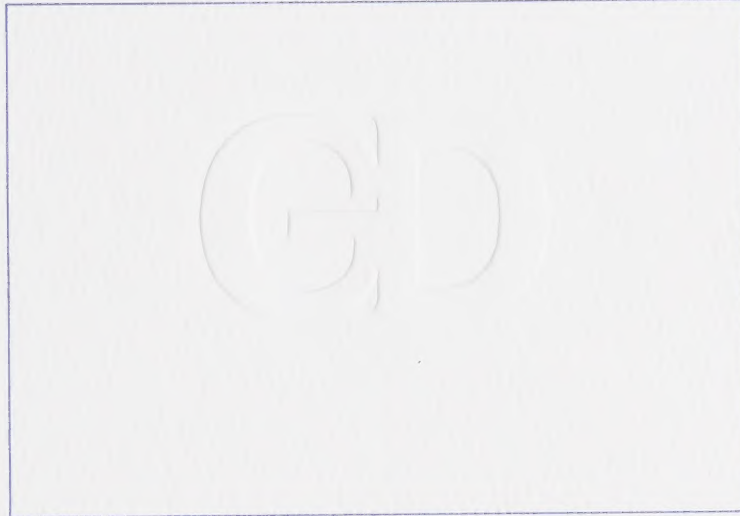
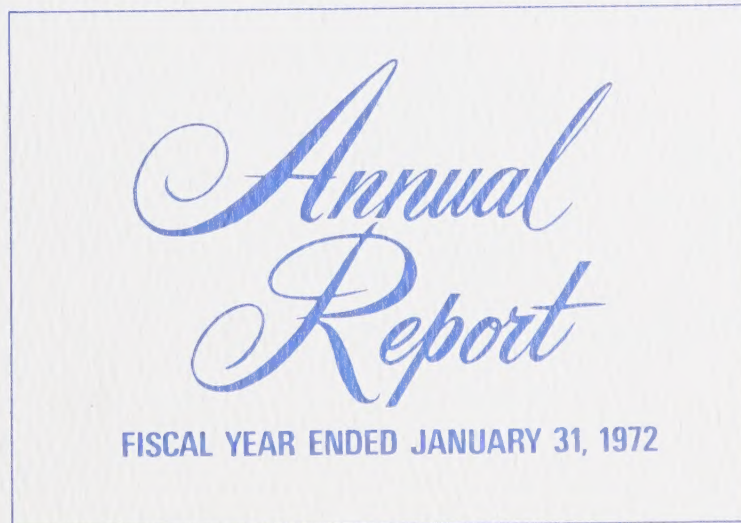


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figures
checked in
another way*~~



GENERAL DISTRIBUTORS OF CANADA LTD.



GENERAL DISTRIBUTORS OF CANADA LTD.

HIGHLIGHTS OF RESULTS

1972 FISCAL YEAR

| | <u>1972</u> | <u>1971</u> | <u>Increase</u> | <u>%</u> |
|-------------------------------|---------------|--------------|-----------------|----------|
| Sales | \$106,028,000 | \$91,174,000 | \$14,854,000 | 16 |
| Net earnings for the year | 3,348,000 | 2,205,000 | 1,143,000 | 52 |
| Earnings per common share | \$1.10 | \$.73 | \$.37 | |
| Merchandise inventories | 16,909,000 | 15,821,000 | 1,088,000 | 7 |
| Working capital | 12,035,000 | 8,748,000 | 3,287,000 | 37 |
| Number of common shareholders | 1,443 | 1,721 | (278) | (16) |

362 2437

GENERAL DISTRIBUTORS OF CANADA LTD.

Head Office: 1370 Sony Place, Fort Garry, Winnipeg, Manitoba R3C 3C3

DIRECTORS

| | | |
|--------------------|---|-----------------|
| ALBERT D. COHEN | President, General Distributors Limited | Winnipeg, Man. |
| HARRY B. COHEN | Director, General Distributors Limited | Calgary, Alta. |
| JOHN C. COHEN | Director, General Distributors Limited | Toronto, Ont. |
| JOSEPH H. COHEN | Director, General Distributors Limited | Vancouver, B.C. |
| MORLEY M. COHEN | President, Metropolitan Stores of Canada Limited | Montreal, P.Q. |
| SAMUEL N. COHEN | Vice-Chairman of the Board, Metropolitan Stores of Canada Limited | Winnipeg, Man. |
| F. N. HUGHES | President, Allarco Developments Ltd. | Edmonton, Alta. |
| G. R. HUNTER, Q.C. | Partner, Pitblado & Hoskin | Winnipeg, Man. |
| CAMERON G. MANN | President, Cam-Gard Supply Ltd. | Winnipeg, Man. |

OFFICERS

| | |
|---------------------|---|
| ALBERT D. COHEN | President & Chief Executive Officer |
| HARRY B. COHEN | Vice-President |
| JOHN C. COHEN | Secretary |
| SAMUEL N. COHEN | Treasurer |
| G. D. B. POFF, C.A. | Comptroller |
| S. R. LYON, Q.C. | General Counsel and Assistant Secretary |

Registrar and Transfer Agent

THE CANADA TRUST COMPANY
232 Portage Ave., Winnipeg.

Auditors

McDONALD, CURRIE & CO.
Richardson Bldg.,
One Lombard Place, Winnipeg.

REPORT OF DIRECTORS

To the Shareholders of
General Distributors of Canada Ltd.

Continued growth in all sectors of the company's operations during the past fiscal year brought with it two major achievements: firstly, a 52% increase in earnings; and secondly, sales in excess of \$100 million for the first time in the company's history. Your Directors are therefore pleased to report an outstanding year of progress which shows promise of continuation in the current fiscal period.

SALES

Consolidated sales of the company for the 1972 fiscal year were \$106,028,000, a 16% increase over consolidated sales of \$91,174,000 in the previous year.

EARNINGS

The 1972 consolidated earnings of the company increased by 52% to \$3,348,000 compared to \$2,205,000 in fiscal 1971. This is the equivalent of \$1.10 per common share based on 3,045,760 common shares outstanding. In 1971, earnings per share were 73¢ on 3,035,180 shares outstanding.

DIVIDENDS

Although no dividend on common shares has been declared, the Board will continue to review this policy on a regular basis.

GENERAL DEVELOPMENT METROPOLITAN

The tenth anniversary of Metropolitan Stores of Canada Limited's status as a Canadian-owned company saw earnings increase by 37%

on a sales growth of 9.7% over the previous fiscal year. In January, 1972, Metropolitan's Board declared the first semi-annual dividend of 10¢ per share on its outstanding common shares.

The largest new store opening programme in the company's history is planned for 1972-1973 by Metropolitan and its subsidiaries, Greenberg Stores Limited and Saan Stores Ltd. Nine new Met stores, six Greenberg stores and five Saan stores are scheduled for opening, adding a further 500,000 sq. ft. of gross selling area to the company's operations.

A summary of results of Metropolitan appears below. Metropolitan's annual report is available on request.

CAM-GARD

The wholesale electronic operations of Cam-Gard Supply Ltd.'s eight western Canadian and four Maritime branches enjoyed a satisfactory year of growth in business. Cam-Gard's Vancouver branch is scheduled for expansion and renovation in 1972-1973.

SONY

TRINITRON COLOR T.V.

A buoyant market for color television sets in Canada and the removal of the federal 15% excise tax from this commodity in June, 1971 resulted in sales of all available Trinitron sets during the last fiscal year. A substantial in-

METROPOLITAN STORES OF CANADA LIMITED — FINANCIAL SUMMARY

(in thousands of dollars)

Years Ended January 31

| | 1972 | 1971 | 1970 | 1969 | 1968 |
|----------------------------------|----------|----------|----------|----------|----------|
| Sales | \$75,682 | \$68,975 | \$64,659 | \$60,680 | \$50,018 |
| Earnings after tax | 2,873 | 2,195 | 2,018 | 2,021 | 1,762 |
| Preferred dividend | 325 | 339 | 359 | 361 | 195 |
| Common dividend | 256 | | | | |
| Earnings for common shareholders | 2,548 | 1,856 | 1,659 | 1,660 | 1,567 |
| Earnings per common share | \$1.00 | .73 | .65 | .65 | .61 |
| Number of stores | 158 | 157 | 160 | 154 | 149 |

crease in available sets is expected in the coming year.

HI-FI COMPONENTS

Sales of Hi-Fi components, stimulated by the removal of the 15% excise tax, increased 75% over those of the previous year. The outlook for Hi-Fi components sales for the current fiscal year is also encouraging.

CF SERIES

A further important factor in 1972-1973 sales will be the new product category called "CF Series". This series includes combination radio/cassette/tape portable units.

TAPE RECORDERS

Sony tape recorders continue to be the leading seller in the industry. Cassette tape recorders as refined by Sony engineers to match the quality performance of open-reel type machines, are becoming the major sales leader in this product category.

4 CHANNEL AUDIO

Sony and C.B.S. Columbia have jointly introduced "SQ" (Stereo Quadraphonic) equipment and records to produce four-channel Hi-Fi sound. The "SQ" systems available in Canada this year will be a notable factor in the future of the audio industry.

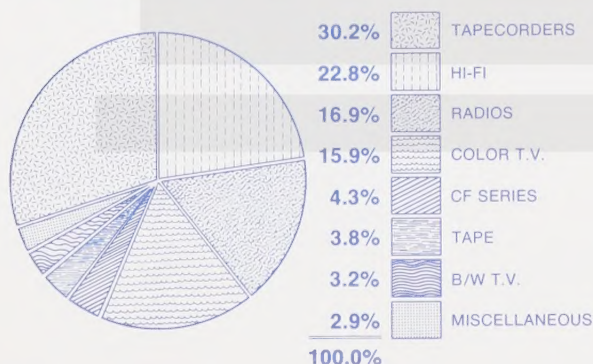
SONY SERVICE

To complement its nationwide product distribution network, the company has established 134 licensed warranty stations and six company service depots across Canada to offer quality service facilities to all users of Sony products. Typical of this growth is the new company-operated service depot which has been opened to serve the Ottawa-Hull market area.

All service centres are supplied parts from the centralized warehouse in Winnipeg.

SALES

A breakdown of Canadian sales by product in the past fiscal year is shown below:



GENERAL

During the past year, the Canadian Government instituted an investigation under the Anti-Dumping Act with respect to imported black and white and color T.V. sets having a screen size of 12" and over. The report of the investigation showed that Sony T.V. models imported into Canada by General Distributors Limited had not been dumped.

Although the price to the Canadian consumer of all products imported from Japan has been increased by the revaluation of the Japanese yen, the general competitive position of Sony products should not be affected in the current fiscal year.

IN APPRECIATION

The Board extends its gratitude to the company's staff, suppliers and customers whose support has enabled the company to record the best results in its history.

The Board further wishes to record its appreciation to the co-founders of Sony, Mr. Masaru Ibuka, Chairman, and Mr. Akio Morita, President, and to the members of the Sony organization for the high level of courteous co-operation which your company has always enjoyed in its long standing relationship with Sony.

The company was honoured in June, 1971, to have Mr. Morita officiate at the opening ceremonies of the company's new head office and warehouse premises at 1870 Sony Place, Winnipeg.

OUTLOOK

Results thus far in the current fiscal year indicate a continuation of the strong sales trends in Sony products in 1972-1973. The junior department store subsidiaries are also expected to benefit from the large new store opening programme planned. Subject to the continued growth in confidence in the economy evident thus far, your Board is optimistic that sales in the current year will follow a similar growth pattern to the past year.

Winnipeg, Canada.
March, 1972.

President

https://archive.org/details/Gene1341_1972

GENERAL DISTRIBUTION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

| | 1972 \$ | 1971 \$ |
|--|-------------------|-------------------|
| Cash and short-term deposits | 1,406,208 | 2,588,832 |
| Marketable securities — at cost (quoted value 1971 — \$9,200) | — | 9,361 |
| Receivables (note 2) | 6,155,001 | 4,272,603 |
| Inventories — at the lower of cost or net realizable value | 16,909,244 | 15,820,996 |
| Deposits on merchandise | 1,434,304 | — |
| Prepaid expenses | 383,304 | 343,054 |
| | <u>26,288,061</u> | <u>23,034,846</u> |

INVESTMENTS — at cost

| | | |
|---|----------------|----------------|
| Sony Corporation — common shares (quoted value \$3,168,000; 1971 — \$1,502,000) | 560,698 | 560,698 |
| Advances and sundry investments | 139,396 | 208,051 |
| | <u>700,094</u> | <u>768,749</u> |

FIXED ASSETS

| | | |
|--|-------------------|-------------------|
| Land — at cost | | |
| Buildings, fixtures and equipment — at cost, less accumulated depreciation (note 3) | 5,839,027 | 5,600,638 |
| | 12,080,743 | 11,751,489 |
| Leasehold improvements — at cost, less amortization | 1,464,186 | 1,533,811 |
| | <u>19,383,956</u> | <u>18,885,938</u> |

OTHER ASSETS

| | | |
|--|-------------------|-------------------|
| Deferred charges — at cost, less amortization | 76,139 | 47,633 |
| Excess of purchase price of subsidiaries over equity in net assets at date of acquisition | 2,937,853 | 2,937,853 |
| | 3,013,992 | 2,985,486 |
| | <u>49,386,103</u> | <u>45,675,019</u> |

Signed on behalf of the Board ALBERT D. COHEN
S. N. COHEN DIRECTORS

**RS OF CANADA LTD.
COMPANIES**

T AS AT JANUARY 31, 1972

LIABILITIES

CURRENT LIABILITIES

| | 1972 \$ | 1971 \$ |
|--|-------------------|-------------------|
| Bank advances (note 2) | 3,672,210 | 5,214,131 |
| Notes payable | 4,000,000 | 600,000 |
| Accounts payable and accrued liabilities | 4,300,426 | 7,354,352 |
| Income and other taxes | 1,990,917 | 841,911 |
| Long-term debt instalments due within one year | 289,576 | 276,647 |
| | <u>14,253,129</u> | <u>14,287,041</u> |

LONG-TERM DEBT (note 4)

| | | |
|--|-----------|-----------|
| | 5,580,760 | 6,256,160 |
|--|-----------|-----------|

DEFERRED INCOME TAXES

| | | |
|--|---------|---------|
| | 594,558 | 559,433 |
|--|---------|---------|

**MINORITY INTEREST IN NET ASSETS OF
SUBSIDIARY COMPANIES**

| | | |
|--|-------------------|-------------------|
| | <u>13,093,504</u> | <u>12,125,361</u> |
| | <u>33,521,951</u> | <u>33,227,995</u> |

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5)

Authorized —
5,000,000 shares without nominal or par value

Issued and fully paid —
3,045,760 shares (1971 — 3,035,180 shares)

| | | |
|--|-----------|-----------|
| | 5,335,218 | 5,266,397 |
|--|-----------|-----------|

RETAINED EARNINGS

| | | |
|--|-------------------|-------------------|
| | <u>10,528,934</u> | <u>7,180,627</u> |
| | <u>15,864,152</u> | <u>12,447,024</u> |

| | | |
|--|-------------------|-------------------|
| | <u>49,386,103</u> | <u>45,675,019</u> |
|--|-------------------|-------------------|

GENERAL DISTRIBUTORS OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS FOR THE YEAR ENDED JANUARY 31, 1972

| | 1972 \$ | 1971 \$ |
|--|---------------------------------------|---------------------------------------|
| SALES (note 9) | 106,027,857 | 91,173,878 |
| COST OF GOODS SOLD AND OPERATING EXPENSES (notes 6 and 8) | <u>96,205,443</u> <u>9,822,414</u> | <u>83,931,940</u> <u>7,241,938</u> |
| PROVISION FOR INCOME TAXES | | |
| Current | 4,889,925 | 3,699,125 |
| Deferred | <u>35,125</u> | <u>107,575</u> |
| | 4,925,050 | 3,806,700 |
| | <u>4,897,364</u> | <u>3,435,238</u> |
| MINORITY INTEREST IN NET EARNINGS OF SUBSIDIARY COMPANIES | <u>1,549,057</u> | <u>1,230,067</u> |
| EARNINGS BEFORE EXTRAORDINARY ITEM | <u>3,348,307</u> | <u>2,205,171</u> |
| EXTRAORDINARY ITEM | | |
| Gain on sale of fixed assets | — | 74,748 |
| NET EARNINGS FOR THE YEAR | <u>3,348,307</u> | <u>2,279,919</u> |
| RETAINED EARNINGS — BEGINNING OF YEAR | <u>7,180,627</u> | <u>4,900,708</u> |
| RETAINED EARNINGS — END OF YEAR | <u>10,528,934</u> | <u>7,180,627</u> |
| EARNINGS PER SHARE (note 10) | | |
| Earnings before extraordinary item | 1.10 | .73 |
| Net earnings for the year | 1.10 | .75 |

CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL FOR THE YEAR ENDED JANUARY 31, 1972

| | 1972 \$ | 1971 \$ |
|--|-------------------|------------------|
| SOURCE OF WORKING CAPITAL | | |
| Earnings before minority interest and extraordinary item | 4,897,364 | 3,435,238 |
| Items not affecting working capital — | | |
| Depreciation of fixed assets and amortization of leasehold improvements and deferred charges | <u>1,661,883</u> | <u>1,454,126</u> |
| Deferred income taxes | <u>35,125</u> | <u>107,575</u> |
| Provided from operations | 6,594,372 | 4,996,939 |
| Long-term bank loan | — | 1,000,000 |
| Proceeds from issue of shares | 68,821 | 24,656 |
| Realization of investments and advances | 83,841 | — |
| Mortgage proceeds | <u>100,000</u> | <u>—</u> |
| | <u>6,847,034</u> | <u>6,021,595</u> |
| USE OF WORKING CAPITAL | | |
| Payment of long-term debt including purchase of sinking fund bonds of subsidiary company — net | <u>775,400</u> | <u>318,885</u> |
| Additions to fixed assets — net | 2,098,855 | 3,188,989 |
| Shares of subsidiary companies acquired for cash | — | 513,353 |
| Investments and advances | 15,186 | 35,551 |
| Deferred charges incurred | 89,552 | 38,814 |
| Preferred dividends of subsidiary company | 325,704 | 338,705 |
| Common dividends of subsidiary company | 122,870 | — |
| Redemption of preferred shares of subsidiary company | <u>132,340</u> | <u>282,140</u> |
| | <u>3,559,907</u> | <u>4,716,437</u> |
| INCREASE IN WORKING CAPITAL | <u>3,287,127</u> | <u>1,305,158</u> |
| Working capital acquired through purchase of subsidiary companies | — | 355,878 |
| WORKING CAPITAL — BEGINNING OF YEAR | <u>8,747,805</u> | <u>7,086,769</u> |
| WORKING CAPITAL — END OF YEAR | <u>12,034,932</u> | <u>8,747,805</u> |

GENERAL DISTRIBUTORS OF CANADA LTD. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1972

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and operating results of all subsidiary companies from the dates of acquisition.

2. BANK ADVANCES

The book debts of certain subsidiary companies have been pledged as security for bank advances to those companies.

3. FIXED ASSETS

Buildings, fixtures and equipment and related accumulated depreciation are classified as follows:

| | 1972 | | 1971 | |
|------------------------|-------------------|-----------------------------------|-------------------|-------------------|
| | Cost \$ | Accumulated depreciation \$ | Net \$ | Net \$ |
| Buildings | 10,187,020 | 2,660,275 | 7,526,745 | 7,213,869 |
| Fixtures and equipment | 11,187,273 | 6,633,275 | 4,553,998 | 4,537,620 |
| | <u>21,374,293</u> | <u>9,293,550</u> | <u>12,080,743</u> | <u>11,751,489</u> |

4. LONG-TERM DEBT

The long-term debt is classified as follows:

| | 1972 \$ | 1971 \$ |
|---|------------------|------------------|
| Metropolitan Stores of Canada Limited — bank loan, principal repayable \$200,000 annually, interest at prevailing bank rates | 800,000 | 1,000,000 |
| Metropolitan Stores of Canada Limited — 6½% first mortgage sinking fund bonds, Series "A", having a sinking fund requirement of \$250,000 in 1972 and progressively increasing annual requirements to a final maximum payment of \$540,000 in 1984. (At January 31, 1972, bonds with a value of \$534,000 had been purchased in advance of requirements.) | 4,421,000 | 4,906,000 |
| Metropolitan Stores of Canada Limited — 6¾% mortgage repayable by 1984 in monthly instalments of principal and interest of \$3,759 | 373,804 | 393,319 |
| Metropolitan Stores of Canada Limited — 6% mortgage repayable in annual instalments of principal of \$20,000 | 100,000 | — |
| Greenberg's Department Stores (1962) Ltd. — 5% unsecured notes repayable by 1975 in annual instalments of principal of \$40,000 | 160,000 | 200,000 |
| Cam-Gard Supply Ltd. — 7% mortgage repayable by June 1971 in monthly instalments of principal of \$2,000 | — | 10,000 |
| General Distributors Limited — 6¾% mortgage repayable by 1973 in monthly instalments of principal and interest of \$792 | 15,532 | 23,488 |
| | <u>5,870,336</u> | <u>6,532,807</u> |
| Less: Instalments due within one year | <u>289,576</u> | <u>276,647</u> |
| | <u>5,580,760</u> | <u>6,256,160</u> |

5. CAPITAL STOCK

(a) A stock option plan has been established for the purchase of an aggregate of 50,000 shares at a price of \$6.50 per share by key employees of the company and its subsidiaries. These options are exercisable over a five-year period terminating in 1973. For options not exercised under this plan by eligible employees, the shares are reserved for reallocation to the other eligible employees at an exercise price which approximates 90% of the market value of the shares on the date the options are reallocated. At January 31, 1972, options had been exercised on 28,760 shares, options covering a further 18,140 shares remain outstanding and a total of 3,100 shares have been reserved for reallocation as provided in the plan.

(b) During the year 10,580 shares were issued for a cash consideration of \$68,821 on exercise of stock options.

(c) During the year Metropolitan Stores of Canada Limited reserved 30,000 of its unissued common shares for a stock option granted to an employee of a subsidiary company who is a director of Metropolitan Stores of Canada Limited. The option is exercisable over a period of five years at \$16.20 per share, being 90% of the market price at the date of granting of the option.

6. COST OF GOODS SOLD AND OPERATING EXPENSES

The following expenses (income) are included:

| | 1972 \$ | 1971 \$ |
|---|------------|------------|
| Depreciation of fixed assets and amortization of leasehold improvements | 1,600,837 | 1,391,032 |
| Amortization of deferred charges | 61,046 | 63,094 |
| Interest on long-term debt | 401,711 | 369,294 |
| Income from investments | (14,675) | (8,571) |

GENERAL DISTRIBUTORS OF CANADA LTD. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JANUARY 31, 1972

7. LEASE COMMITMENTS

Rentals paid on property leases for the year ended January 31, 1972 amounted to \$3,399,221 (1971 — \$3,243,533). Minimum annual rentals in subsequent years on long-term property leases in effect at January 31, 1972 are:

| Year ended January 31, | Minimum annual rental |
|------------------------|-----------------------|
| | \$ |
| 1973 | 2,281,000 |
| 1974 | 2,230,000 |
| 1975 | 2,125,000 |
| 1976 | 1,995,000 |
| 1977 | 1,914,000 |

Certain of these leases provide for additional rental based on sales. In addition, there are leases where rentals are based entirely on sales.

8. REMUNERATION OF DIRECTORS AND OFFICERS

| | 1972 | | 1971 | |
|---------------------------------------|--|----------------|--|----------------|
| | 9 Directors (4 officers were also directors) | 6 Officers | 9 Directors (4 officers were also directors) | 6 Officers |
| | \$ | \$ | \$ | \$ |
| Remuneration paid by: | | | | |
| General Distributors of Canada Ltd. | 1,800 | 35,000 | 1,800 | 35,000 |
| General Distributors Limited | — | 66,700 | — | 64,970 |
| Cam-Gard Supply Ltd. | — | 40,000 | — | 40,000 |
| Saan Stores Ltd. | — | 45,733 | — | 44,580 |
| Metropolitan Stores of Canada Limited | 6,000 | 93,400 | 6,000 | 93,400 |
| | <u>7,800</u> | <u>280,833</u> | <u>7,800</u> | <u>277,950</u> |

9. DIVERSIFIED OPERATIONS

The contribution to operating results by class of business was as follows:

| | 1972 | | 1971 | |
|--------------------------------------|--------------------|------------------|-------------------|------------------|
| | Sales | Net earnings | Sales | Net earnings |
| | \$ | \$ | \$ | \$ |
| Sony and other electronic products | 30,346,054 | 2,024,068 | 22,199,327 | 1,240,302 |
| Junior department and variety stores | 75,681,803 | 1,324,239 | 68,974,551 | 964,869 |
| | <u>106,027,857</u> | <u>3,348,307</u> | <u>91,173,878</u> | <u>2,205,171</u> |

10. EARNINGS PER SHARE

Earnings per share are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years. There would be no significant reduction of net income per share if all of the options described in note 5 had been exercised.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of General Distributors of Canada Ltd. and its subsidiaries as at January 31, 1972 and the consolidated statements of earnings and retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position

of the companies as at January 31, 1972 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 14, 1972
Winnipeg, Manitoba

McDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS

